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Alliance Aviation Services Limited (ASX code: AQZ) ("Alliance")

Alliance Airlines and Virgin Australia Long-Term Strategic Partnership Agreement

Alliance Aviation Services Limited ('Alliance') and Virgin Australia Holdings Limited (ASX: VAH) ('Virgin Australia Group') today received unconditional approval for five years from the Australian Competition and Consumer Commission ('ACCC') for the long-term strategic partnership between Alliance and the charter business of the Virgin Australia Group.

Key terms of the proposed strategic partnership

The key terms of the proposed strategic partnership, which was first announced in February 2016, are:

- Alliance and Virgin Australia Regional Airlines will form a charter partnership to jointly grow their charter businesses. Existing charter contracts will remain with their current operator, with all new contracts to be operated under the charter partnership.
- Alliance and Virgin Australia Regional Airlines will also enter into agreements to provide and procure services for each other on a preferential basis. This includes, but is not limited to, aircraft procurement, spare parts pooling, maintenance, ground handling services and customer benefits.

The strategic partnership is expected to commence in during the first half of FY18.

Alliance Managing Director Scott McMillan said: "Today's approval by the ACCC is pleasing in that it has been accepted the strategic partnership will bring benefits to the customers of Alliance and the Virgin Australia Group. We now look forward to working more closely with the Virgin Australia Group and implementing the terms of the agreement."

Virgin Australia Regional Airlines Chief Executive Merren McArthur said: "We welcome the ACCC's decision to authorise this strategic charter partnership. We are looking forward to partnering with Alliance to build upon the complementary strengths of each airline and deliver a more flexible and competitive offering to our customers as we pursue new business opportunities in the Australian charter market."

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About Alliance

Alliance Aviation is Australasia's leading provider of contract, charter and allied aviation services currently employing 434 full time staff in Australia, New Zealand and Europe.

The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised. In addition a wide range of specialised aviation services including aircraft trading, parts sales and engine leasing are provided in Australia and internationally.

The Australian business currently operates a fleet of 16 Fokker F100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has an Australasian footprint with operational bases in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

In November 2015, Alliance entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft to allow for revenue diversification with aircraft and part sales.

For more information contact:

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